

For Immediate Release
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California College Savings Plan Named “Winner” by Kiplinger’s Personal Finance

SACRAMENTO – The Golden State ScholarShare College Savings Trust, California’s new tax-deferred college savings plan, has been named a winner and one of the country’s top five plans in the August 2000 issue of Kiplinger’s Personal Finance magazine.

“With four investment options, California’s plan has something for just about everyone,” noted Kiplinger’s, citing ScholarShare as the second-best college savings plan in the U.S. “These...are winners for residents and non-residents alike. Your college savings get a potent kick when you use state-sponsored college savings plans because your money grows tax-deferred until it’s used for college.”

ScholarShare, launched by the State last October, is an IRS Code Section 529 plan. Contributions as low as \$25 are invested in professionally managed stock, bond and money market mutual funds and insurance contracts, and grow on both a federal and state tax-deferred basis until withdrawn to pay qualified higher education expenses, at which point the earnings are taxed at the beneficiary’s (lower) rate. The accounts are extremely flexible and may be used at any eligible higher education institution in the U.S., including vocational and technical schools, and can be transferred between family members.

“This top ranking from Kiplinger’s strengthens our belief that ScholarShare is a great way for California families to save and invest for higher education,” said State Treasurer Philip Angelides, Chairman of the ScholarShare Investment Board. “Whether it’s our basic age-based asset allocation option, our all-equity option or our guaranteed option, ScholarShare offers an easy way for families of all incomes to help finance their children’s educations.”

“At the heart of a good savings plan are good investment choices,” said Kiplinger’s. “To select

the best, we first looked at how a plan's investments have performed against the S&P 500 and other appropriate benchmarks. But because so many savings plans are relatively new, and thus their track records are short, we also weighed the potential for strong returns in the future. We especially favored plans with multiple investment options, which increase the likelihood that you'll be able to tailor a plan to your own investment philosophy and tolerance for risk. Plans with low investment and administrative expenses got extra credit."

Unlike many other college savings vehicles, there are no income limits, and contribution limits are not capped until well past the \$100,000 mark – far higher than the Education or Roth IRAs. In addition to Kiplinger's, these plans have been featured in *Time*, *Newsweek*, *Money*, *USA Today* and many other publications as a sensible way to save for college.

More than 12,000 Californians have opened ScholarShare accounts since the program began only eight months ago, and more than \$60 million in assets are under management. Account owners have a choice of four investment options: an Age-Based Asset Allocation Option, in which investments are made to a combination of stock, bond and money market mutual funds based on the age of the beneficiary; a 100% Equity Option, which includes domestic and international stock mutual funds; a 100% Social Choice Equity Option, which excludes companies which fail to meet certain socially responsible criteria; and a Guaranteed Option, which provides a minimum interest rate plus additional dividends. By using one or a combination of these investment options, account owners can customize their accounts according to their specific needs and investment style.

Contributions to ScholarShare accounts can be made by check, automatic funds transfer, or payroll deduction. While the minimum contribution level is \$25, it is only \$15 for those using payroll deduction.

The State of California selected TIAA-CREF Tuition Financing, Inc., a wholly-owned subsidiary of TIAA-CREF, to professionally manage all of the ScholarShare investments. TIAA-CREF, a leading financial services organization renowned for its low fees, has been in business for more than 80 years and is one of the world's largest retirement systems, based on assets under management.

Opening an account is easy. ScholarShare accounts are offered through a Participation Agreement and a Disclosure Booklet that describes the program. For more information, call toll-free 1-877-SAV-4 EDU (1-877-728-4338), or visit the website at www.scholarshare.com.

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